

MINUTES OF THE JOINT CAPITAL OUTLAY SUBCOMMITTEE

Meeting No. 8: Wednesday, September 10, 2014, 4:00 p.m.

Senate Appropriations Room, 3rd Floor, State Capitol
100 S. Capitol Ave., Lansing, Michigan 48933

The Joint Capital Outlay Subcommittee was called to order by the Chair, Senator Booher, at 4:00 p.m.

Members present

Senators: Booher, Schuitmaker, Jansen, Green, Moolenaar, Hood, and Anderson.

Representatives: Kowall, Muxlow, Potvin, Jenkins, Zemke, and Durhal.

Members excused: Representative Forlini.

Chair Booher placed agenda item number 4 before the Subcommittee.

1. FY 2014-15 Capital Outlay Priority Requests. Presentations on:

a. University of Michigan – Ann Arbor School of Dentistry Project

The projected cost is \$120 million and includes the renovation of the Dental Building and W. K. Kellogg Foundation Institute and also provides for a 50,000 sq. ft. addition to the facility. The facility is used for dental and oral healthcare teaching, research, and clinical patient care.

- o Overview by Senate Fiscal Agency (SFA).
- o Testimony from Cynthia H. Wilbanks, University of Michigan Vice President for Government Relations.
- o Questions and discussion by Subcommittee Members followed.

b. Ferris State University Swan Building Annex Renovations

The \$30 million project includes the renovation of a portion of the Swan Building, which houses the College of Engineering Technology. Major renovations include complete building mechanical, electrical and plumbing upgrades to the first and second floors.

- o Overview by SFA.
- o Testimony from Dr. David L. Eisler, President, Ferris State University.
- o Questions and discussion by Subcommittee Members followed.

Chair Booher placed agenda item number 2 before the Subcommittee.

2. Department of Human Services (DHS) Private Lease, Inkster, Michigan

DTMB Letter: 5/28/2014

Type: Build-to-suit

Terms: 25 year lease with one 5-year renewal option

Purchase Option: Yes

Annual Cost: \$680,944.80

Pursuant to the Section 221 of the Management and Budget Act, the Director of the Department of Technology, Management, and Budget (DTMB) may provide for the rental and lease of land and facilities for the use of State agencies. If a lease includes an annual base cost of more than \$500,000.00, approval of the Joint Capital Outlay Subcommittee is required. The DTMB is proposing a new lease for the DHS in Inkster, Michigan. The lease will allow for the consolidation of two Michigan Rehabilitative Services offices and one Child Protective Services office. Total square footage leased for these offices will be reduced by 7,941 square feet, from 40,821 square feet to 32,880 square feet.

- o Overview by SFA.
- o Testimony from:
 - Bob Burns, DTMB Real Estate Division, Director.

- Scott Starr, DTMB Legislative Liaison.
- Questions and discussion by Subcommittee Members followed. No vote was taken on this Agenda Item.

Chair Booher placed agenda item number 1 before the Subcommittee.

3. Minutes of Meeting No. 7 – February 26, 2014

Senator Schuitmaker moved adoption of the minutes, supported by Representative Kowall. The motion passed on a favorable voice vote.

Representative Kowall moved that absent members be excused, supported by Senator Jansen. The motion passed on a favorable voice vote.

Chair Booher placed agenda item number 3 before the Subcommittee.

4. Michigan State University (MSU) Bio-engineering Facility Scope Increase

DTMB Letter: Received 9/8/2014 (dated 9/5/2014)

The MSU Bio-engineering Facility received planning authorization in Public Act 329 of 2010, construction authorization in Public Act 192 of 2012, and a cost scope adjustment in Public Act 102 of 2013. As provided for in the construction authorization, the MSU Bio-engineering Facility project consisted of a new 67,505-square-foot facility focused on multidisciplinary research in bio-engineering and engineering health sciences with a total authorized cost of \$40,340,200 (State share \$30.0 million/university share \$10,340,200). Public Act 102 of 2013, at the request of MSU, increased the scope of the project by 61,045 gross square feet and \$17,359,800, with the increase funded entirely by MSU. (Total authorized cost \$57.7 million - State share \$30.0 million/university share \$27.7 million). The top two floors were to be unfinished space available for future build-out. MSU is now requesting support to apply project savings accrued on the Bio-engineering Facility project to complete as much of the unfinished portions of the building as possible. The first priority will be the third floor and atrium spaces, followed by as much fourth floor work as current savings allow. No additional State funds are being requested to support this scope change. The build-out is consistent with the initial intent of the project that will provide the capacity to accommodate planned growth in research in the area of bio-medical engineering research. MSU is projecting project savings in excess of \$5,000,000 based on a review of the build-out scope, bids and experience on the initial project, and expenditures to date. The savings have accrued from a range of factors including continued favorable bid climate, design modifications, alternative material selection, and a collaborative review process throughout design and construction. MSU states that completion of a significant portion of the shelled space at this time will put the capital asset to work earlier by extending the duration for the construction workers, and permitting earlier use of the shelled space to accommodate planned growth in research. The increased scope of the project would be funded entirely by savings. No adjustment in authorized costs is being requested.

- Overview by SFA.
- Testimony from David W. Bertram, MSU Assistant Vice President for State Affairs.
- Questions and discussion by Subcommittee Members followed. No vote was taken on this Agenda Item.

There being no further business before the Subcommittee, Chair Booher adjourned the meeting, the time being 4:55 p.m.

Senator Darwin L. Booher, Chair _____
 Bill Bowerman, Senate Fiscal Agency, (517) 373-2768